



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2003 Assembly Bill 523	Assembly Amendment 1
<i>Memo published: October 21, 2003</i> <i>Contact: Mary Matthias, Senior Staff Attorney (266-0932)</i>	

Under the industrial revenue bond (IRB) program, cities, villages, and towns may support industrial development through the sale of tax-exempt bonds. The proceeds from the bond sale are loaned to businesses to finance capital investment projects at, primarily, manufacturing facilities. The bonds are not general obligations of the municipality. The company or business that will use the facilities provides the interest and principal payments on the loan.

IRBs may be used to finance the construction, expansion, and equipping of primarily manufacturing facilities. The proceeds of the bond issue may be used to finance the cost of land, construction of new or expanded facilities, purchase of equipment, and the payment of certain costs incurred in the issuance of the bonds.

2003 Assembly Bill 523 repeals several requirements to obtain certifications and a number of notice and filing requirements that must be met before revenue agreements may be entered into or industrial projects undertaken under the IRB program. The bill also repeals the current law's requirement that any construction contract under the IRB program that has an estimated cost of more than \$5,000 must be advertised and let to the lowest responsible bidder, unless the provision is waived by the municipality.

Assembly Amendment 1 reinstates the requirement that construction contracts under the IRB program with an estimated cost of more than \$5,000 must be advertised and let to the lowest responsible bidder.

Assembly Amendment 1 also provides that the prevailing wage law does not apply to projects that are financed or contracts that are entered into under the IRB program. An Attorney General opinion dated May 6, 1974, concluded that the typical turnkey construction project financed by industrial revenue bonds is not subject to statutory requirements concerning prevailing wage rates. [63 Op. Att'y. Gen. 426.]

2003 Assembly Bill 523 was introduced on September 18, 2003, by Representative McCormick and others; cosponsored by Senator Kanavas and others. The bill was referred to the Assembly Committee on Economic Development, which held a public hearing and executive session on the bill on September 29, 2003. The committee offered Assembly Amendment 1 to the bill by unanimous consent, voted to recommend adoption of the amendment on a vote of Ayes, 8; Noes, 0, and to recommend passage of the bill, as amended, on a vote of Ayes, 8; Noes, 0.

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